

Message Text

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63

ACTION ARA-20

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-15

AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 AGR-20 RSR-01 (ADP) W

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R 181834Z JUL 73

FM AMEMBASSY SANTIAGO

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TAGS: ECON CI

SUBJ: BACHELET FINDING "RATIONALIZATION" OF FOOD DISTRIBUTION
IS DIFFICULT TASK

REF: (A) SANTIAGO 1804; (B) SANTIAGO 2016

1. SUMMARY: RECENT STATEMENTS AND ACTIONS OF GOC INDICATE
NATIONWIDE "RATIONALIZATION" OF FOOD DISTRIBUTION IS STILL SOME
MONTHS AWAY AND IT WILL CONCENTRATE ON "EQUITABLE" DISTRIBUTION
OF EXISTING SUPPLIES RATHER THAN SETTING MAXIMUM CONSUMPTION
QUOTAS. END SUMMARY

2. IT WAS WIDELY ASSUMED AFTER THE MARCH 1973 ELECTIONS THAT
THE GOC WOULD SOON INSTITUTE SOME FORM OF FOOD RATIONING SYSTEM.
EARLY IN 1973 AIR FORCE GENERAL BACHELET, AS HEAD OF NATIONAL
DISTRIBUTION SECRETARIAT, WAS GIVEN PRESIDENTIAL MANDATE TO REVIEW
SUPPLY SITUATION, TAKE CHARGE OF MAJOR FOOD WHOLESALE AGENCIES,
AND TO SURVEY THE POPULATION TO DETERMINE AMOUNTS OF ESSENTIAL
COMMODITIES REQUIRED.

3. NONE OF THESE TASKS HAS BEEN SUCCESSFULLY COMPLETED AS
YET. ON JULY 9 BACHELET SAID 15-DAY DEADLINE HAD BEEN SET
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FOR SPECIALIZATION OF DISTRIBUTION AGENCIES (SUCH AS GRAHAM,

GIBBS, DINAC, WILLIAMSON-BALFOUR) - I.E., SOMEBODY HANDLING SUGAR, SOMEONE ELSE COOKING OIL, ETC. HE ADMITTED ONLY PRELIMINARY WORK HAD BEEN DONE ON SURVEYING NEEDS. BACHELET EXPLAINED THAT HIS TOTAL STAFF CONSISTED OF 50 PEOPLE. DESPITE THIS HANDICAP, HE CLAIMED SECRETARIAT HAD BEEN ABLE TO ELIMINATE FLOUR SHORTAGE (BACHELET TOOK PRIDE IN PRESENT FIVE-DAY STOCK LEVEL), AND SAID GOVERNMENT HAD DELIVERED 100 PERCENT OF SUGAR, 56 PERCENT OF RICE, 86 PERCENT OF TEA, AND 85 PERCENT OF COOKING OIL PLANNED FOR JUNE. NATIONAL DISTRIBUTION COUNCIL, UNDER LEADERSHIP OF MINECON CADEMATORI, IS NOW STUDYING SUPPLY/DISTRIBUTION SITUATION FOR REMAINDER OF YEAR.

4. BACHELET POINTED OUT THAT GOVERNMENT'S "RATIONALIZATION" SCHEME TO DELIVER MONTHLY QUANTITIES OF ESSENTIAL GOODS TO CONSUMERS HAD ONLY BEEN TESTED ON PILOT BASIS THUS FAR. HE SAID IT WILL BE EXPANDED NATIONWIDE WITHIN THREE MONTHS AND ADDED THAT EACH FAMILY WILL RECEIVE EQUAL MEAT RATIONS TWICE MONTHLY DURING REST OF 1973 REGARDLESS OF INCOME. JAP'S (NEIGHBORHOOD SUPPLY AND PRICE COMMITTEES) ROLE WILL BE TO WATCH OVER DISTRIBUTION AND PRICES TO PREVENT ABUSES.

5. IN EXPLAINING TO NEWSMEN DIFFERENCE BETWEEN "RATIONALIZATION" AND RATIONING, BACHELET SAID, "RATIONING INVOLVES ESTABLISHMENT OF MAXIMUM QUOTA. RATIONALIZATION IS GIVING MORE ONE MONTH WHEN THERE IS MORE AND LESS WHEN THERE IS LESS."

6. COMMENT: RECENT UNIVERSITY OF CHILE STUDY SHOWED 6 PERCENT DROP IN SUPPLY FOOD AND BEVERAGES IN SANTIAGO DURING FIRST SIX MONTHS 1973, INCLUDING 4.3 PERCENT DROP SINCE MARCH. SIGNS ARE THAT GOC CONTINUES TAKE REASONABLE CARE OF ITS LOWER INCOME CONSTITUENTS THROUGH VARIOUS MECHANISMS. LONG LINES, INDICATING AVAILABILITY OF SCARCE GOODS, ARE MOST OFTEN SEEN IN POOR NEIGHBORHOODS. BACHELET'S RECENT WORDS INDICATE "RATIONALIZATION"

IS BEING THOUGHT OF MORE IN TERMS OF SPREADING AVAILABLE SUPPLIES AROUND THROUGH USE OF DISTRIBUTION SYSTEM THAN IN TERMS OF GUARANTEED MINIMUM SUPPLIES OR RATION COUPONS. PREVAILING PRACTICE USUALLY INVOLVES MONTHLY "BASKETS" OF SCARCE COMMODITIES, BUT WITHOUT SET COMPOSITION OR QUANTITIES. MOST UNICOOP STORES ARE NOW PROVIDING THEIR MEMBERS WITH THIS SERVICE. UPPER AND MIDDLE INCOME GROUPS LIMITED OFFICIAL USE

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MUST PURCHASE NEARLY ALL OTHER FOODSTUFFS ON FREE MARKET, AT PRICES OFTEN TEN TIMES MORE THAN THOSE SET BY GOVT.
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